



UNHCR

United Nations High Commissioner for Refugees
Haut Commissariat des Nations Unies pour les réfugiés

Implementing Partnership Management Guidance Note No. 4

Procurement by Partners with UNHCR Funds

November 2014

Subject:	Procurement by Partners
Reference Documents	<ul style="list-style-type: none">– Chapter 4 of the UNHCR Manual– Chapter 8 of the UNHCR Manual– Enhanced UNHCR Framework for Implementing with Partners
Reference No.	Policy : UNHCR/HCP/2014/11 Guidance Note: 04/FP/S2-2
Date of Issue	November 2014
Date of Revision	

This Guidance Note informs UNHCR and Partners of UNHCR policy, procedures and provisions related to procurement undertaken by Partners with UNHCR funds.

This Policy requires:

- UNHCR offices to share with the relevant Partners, this Guidance Note No. 4 on procurement with UNHCR funds undertaken by Partners, including its Annex.
- UNHCR offices and Partners to fully understand the policy and its correct application before entering into a Project Partnership Agreement (PPA).

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A. INTRODUCTION

1. Procurement is undertaken to provide the necessary support to operations with the required quality and quantity of goods and services at the time and place that they are needed and in the most cost-effective and efficient manner. UNHCR undertakes procurement of goods and services based on established principles and procedures.

2. This Guidance Note No. 4 on Procurement by Partners with UNHCR Funds (hereafter: “Guidance Note”) provides guidance to Partners (hereafter: “Partner”) on requirements, when UNHCR requests a Partner to undertake procurement of goods and services with UNHCR provided funds for assisting refugees and other persons of concern. The document describes the policy, required ethics and conduct, detailed procedures and organizational structure for undertaking effective procurement.

A.1. Scope of the Guidance Note

3. Procurement by a Partner is an important function. UNHCR expects Partners to adopt standards, policies and procedures consistent with those of UNHCR, as outlined in the Guidance Note. Where it is desirable or necessary to entrust procurement to a Partner in order to support an operation, the Partner must have a clearly proven advantage and added value, such as awareness of local conditions, specific technical expertise, operational efficiency, cost-savings, or a compelling urgency.

4. The Guidance Note presents the mandatory policy and procedures, as required to be followed by Partners, when undertaking procurement of goods and services with UNHCR funds. They also describe the process and requirements for acquiring Pre-qualification for Procurement status.

5. The UNHCR Head of Office retains the overall responsibility for ensuring integrity and accountability related to procurement management, including procurement entrusted to Partners. Authorization to entrust procurement to a Partner is given in the Project Partnership Agreement (PPA) to be signed by UNHCR and the Partner. As such, the Partner confirms that it assumes the responsibility for undertaking procurement in an effective manner, and the accountability to UNHCR to do so in compliance with the policy and procedures contained in the Guidance Note. A close collaboration between the Partner and UNHCR staff responsible for programme, logistics and procurement is essential to ensure effective procurement by Partners in support of operations.

6. All processes related to procurement, sourcing and delivery of goods and services must be kept simple, efficient, transparent, fair, credible and consistent with the Guidance Note, so that UNHCR, Partners and all their personnel involved can withstand the test of public scrutiny.

7. All Partners undertaking procurement using UNHCR funds are required to familiarize themselves with the Guidance Note and with the governing clauses of the PPA which involves the Partner in undertaking procurement, prior to signature, and must adopt and adhere to applicable standards (policies, procedures and practices) as outlined in the Guidance Note.

8. UNHCR offices in the field may be consulted for clarification on the application of the Guidance Note. Further assistance on procurement may also be obtained from the Procurement Management and Contracting Service (e-mail: hqsmsipp@unhcr.org) and for other matters related to the management of Project Partnership Agreements from the Implementing Partnership Management Service (email: epartner@unhcr.org).

B. CONDITIONS FOR UNDERTAKING PROCUREMENT BY PARTNERS

9. This section of the Guidance Note describes the conditions that a Partner is expected to fulfill in order to undertake procurement of goods and services with UNHCR provided funds for assisting refugees and other persons of concern.

10. A Partner, in order to be entrusted to undertake procurement of goods and services using UNHCR funds, must have:

- a) The capacity and capability to deliver the required goods and services in the quantity, at the quality and at the time they are needed in a cost-effective and efficient manner. A Partner will be assessed by the local UNHCR Office to ensure the Partner has the necessary capacity and capability in advance of their engagement to conduct procurement;
- b) Undergone the applicable procedures for selection/retention of Partners;
- c) A Project Partnership Agreement (PPA) signed by UNHCR and the Partner authorizing such procurement, stipulating their mutual agreement, responsibilities, obligations and terms, including clauses on authorization of procurement by a Partner. Approval is based upon a capacity and capability assessment of the Partner's ability to conduct effective procurement and its pre-qualification status;
- d) Standards comparable with UNHCR principles, policies and practices for procurement and comply with the policy and procedures outlined in the Guidance Note.

11. There are two distinct levels of procurement of goods and services by Partners, and corresponding contracting procedures, depending on the dollar value of the contract. It must be noted that for all procurement undertaken using UNHCR funds, no matter what the value, the procurement policy and procedures outlined in the Guidance Note must be followed by the Partner.

a) **Contract involving procurement of goods and services below USD 100,000**¹

12. The Partner, by signing the Project Partnership Agreement (PPA):

- i) commits to adhering to UNHCR policy and procedures outlined in the Guidance Note;
- ii) confirms that it has the capacity to undertake procurement of a value below USD 100,000; and
- iii) complies with the terms of PPA.

13. The Partner does not need to be pre-qualified for procurement.

b) **Contract involving procurement of goods and services of USD 100,000 or more**²

14. The Partner, by signing the Project Partnership Agreement (PPA):

¹ The value given (less than USD 100,000) is for the total procurement activity of goods and services with UNHCR funds for assisting refugees and other persons of concern for one calendar year under a single PPA in one country.

² The value given (USD 100,000 or more) is for the total procurement activity of goods and services with UNHCR funds for assisting refugees and other persons of concern for one calendar year under a single PPA in one country.

- i) commits to adhering to UNHCR policy and procedures outlined in the Guidance Note;
- ii) obtains *Pre-qualification for Procurement status* granted by UNHCR (by demonstrating either that the Partner follows the UNHCR procurement guidance or adopts its own guidelines provided that UNHCR has determined that they are compliant with UNHCR’s standards);
- iii) confirms that the Partner has the capacity to undertake procurement of this value;
- iv) complies with the terms of the PPA; and
- v) informs UNHCR in the event that its procurement rules, policies and procedures change.

15. When the Partner requires contracting the goods and services from a supplier, the Partner will be fully responsible for all work and services performed by the supplier, and for all acts and omissions committed by the supplier or its employees.

16. Partners must avoid conflicts of interest. A contract for the procurement of goods and/or services with other departments of the Partner that is signatory to the Project Partnership Agreement, or with commercial entities in which the Partner or its senior management have a direct or indirect interest, may only be concluded under exceptional circumstances, and only with the prior written approval of UNHCR.

C. PRE-QUALIFICATION FOR PROCUREMENT (PQP) STATUS

17. This section of the Guidance Note explains Pre-qualification for Procurement (PQP) status and the procedures for acquiring such status.

18. The evaluation to determine PQP status involves the review of the compatibility of the Partner’s procurement policies and procedures with UNHCR and other applicable standards. It is important to note that it is not an evaluation of the Partner’s capacity and capability to perform effective procurement in a given operation. Such a capacity and capability assessment is conducted separately by the local office, as part of the Partner selection process prior to concluding the PPA.

19. A Partner that wishes to become Pre-qualified for Procurement must make a submission to UNHCR’s Procurement Management and Contracting Service (hqsmsipp@unhcr.org), explaining that its procurement policies, procedures, code of conduct and practices are compliant with those of UNHCR.

20. UNHCR’s Procurement Management and Contracting Service (PMCS), or persons authorized by the Head of PMCS, will conduct an evaluation to determine whether the Partner’s procurement policies and procedures are indeed compliant with those of UNHCR and whether, as a result, the Partner will obtain Pre-qualification for Procurement (PQP) status.

21. In order for an applicant Partner to be registered as Pre-qualified for Procurement, the following two steps must be taken by the Partner:

- a) Complete the “Partner Procurement Self-Assessment Check List” (*see Annex*).
- b) Submit the procurement manual detailing procurement policy and procedures, as well as any procurement related sample forms, for evaluation.

22. The Check List and accompanying documents must be submitted, if possible in portable document format (i.e. as PDF files), to PMCS at hqsmsipp@unhcr.org. Applicant Partners with no

internet access or other facilities may present the required documents to the UNHCR Country Representative for onward transmission.

23. The PQP evaluation is conducted by PMCS, assisted by local UNHCR offices. The evaluation is based upon a review of the submitted procurement documents. UNHCR reserves the right to visit and/or interview the Partner, as part of its assessment. If the evaluation determines that the Partner procurement manual, policies and procedures are in line with UNHCR standards, the Partner will be granted Pre-qualification for Procurement (PQP) status for a maximum period of five years.³

24. PMCS will notify the Partner, the Implementing Partnership Management Service (IPMS) and the relevant UNHCR office(s) of its decision to grant or deny the PQP status, within three months of the submission of the application. If approved, the Partner will be added to the list of Partners with Pre-qualification for Procurement status, which is recorded on UNHCR's Partner Portal and external website www.unhcr.org/supply.

25. Partners that have been awarded PQP status are subject to periodic reviews and audit at field or Headquarters levels by UNHCR, or an agent authorized by UNHCR, to ensure that the qualification remains valid. UNHCR reserves the right to change its decision on PQP status during the five year period, in case the operating situation or the Partner procurement performance necessitate such a change. The Partner will be informed, and may be advised of areas that require improvement for acquiring the status..

26. UNHCR will inform Partners of any change in the Guidance Note. Similarly, Partners that have been granted PQP status are required to notify UNHCR of any changes in their rules, policies, procedures or practices.

27. At the end of the five year period, the Partner will no longer be listed as pre-qualified unless its status is renewed. If a Partner wishes to renew its pre-qualification status, it must follow the steps in paragraph 21 above before 1 March of the calendar year during which the status expires. This will enable PMCS to evaluate if the Partner may continue to maintain pre-qualified status for the next five years

28. Similarly, if a Partner wishes to restore its pre-qualified status, which has been reversed or has elapsed, it must also follow the steps in paragraph 21 above.

D. PROCUREMENT POLICY AND PRINCIPLES

29. Procurement policy, procedures and practices adopted by the Partner must be in conformity with UNHCR's procurement policy, principles and practices as outlined in the Guidance Note. Non-compliance could result in irregular transactions and could seriously impair the delivery of quality of goods or services and affect the welfare of the refugees and other persons of concern. Such non-compliance may lead to UNHCR withdrawing from the Partner the responsibilities to procure using UNHCR funds or claiming refund of unspent or misspent funds.

D.1. Procurement Policy

30. Procurement is undertaken to provide the necessary support to operations for assisting refugees and other persons of concern with the required quality and quantity of goods and services at the time and place that they are needed and in the most cost-effective and efficient manner.

³ Pre-qualification will be for the calendar year in which it was given, and for the four calendar years that follow.

D.2. Procurement Principles

31. Procurement is undertaken on the basis of the following principles:

- a) Best value for money;
- b) Fairness, integrity and transparency;
- c) Effective competition; and
- d) Best interests of the operations to assist refugees and other persons of concern.

D.3. Procurement Conduct and Ethics

32. The procurement process must be undertaken in an ethical manner, in accordance with the following:

- a) **Code of Conduct:** integrity and a high ethical standard are maintained, and conflicts of interest are avoided.
- b) **Segregation of Duties:** all actions in the procurement process and contract management are properly authorized, and appropriate segregation of duties is ensured.
- c) **Proper Vendor Management:** proper evaluation, pre-qualification and registration and effective management of vendors are carried out.
- d) **Competitive Bidding:** contracts are, in principle, awarded based on competitive bidding.
- e) **Evaluation: contract awards** are objectively evaluated and recorded, based on technical specifications and pricing. **Detailed specifications** of the required goods and services must be well prepared, in advance of issuing the tender, to assess offers.
- f) **Supply Compliance:** compliance with the specifications, warranties and delivery, as agreed with the supplier, must be ensured, documented by shipping, inspection and receiving records.
- g) **Payment Compliance:** payments to suppliers (including insurance companies, shipping and handling agents) are conditional upon the fulfillment of their contractual obligations.

33. More details on the procedures to be followed are provided in Section E of the Guidance Note.

D.4. Organizational Structure and Duties

34. The Partner must have a clear organizational structure delineating and assigning the authority, responsibility and accountability for procurement. Partner employees assigned such delegated authority for procurement, finance and other relevant functions must be properly trained. A Partner Committee on Contracts must be established. The Partner must ensure that the acquisition process followed by the Requestor and the Partner Procurement Unit has been in compliance with the applicable policy and procedures for procurement of goods and services. The organizational structure, as well as the authority, responsibility and accountability of each function must be documented.

E. DETAILED PROCUREMENT CONDUCT AND PROCEDURES

35. This section of the Guidance Note contains details regarding procurement ethics, practices and procedures, to further assist Partners in understanding and adopting the Guidance Note.

E.1. Procurement Conduct and Ethics

E.1.1. Code of Conduct

E.1.1.1. Adopting Code of Conduct

36. Engaging vendors for the procurement of goods and services is an activity that is potentially vulnerable to fraud and/or corruption. As such, Partners must ensure that reasonable measures are in place to prevent, investigate and, if needed, discipline fraudulent actions.

37. The Partner must put in place a code of conduct concerning ethical practice and avoidance of conflicts of interest. All Partner employees with designated procurement authority must understand and observe this Standard Code of Conduct.

E.1.1.2. Ethical Business Conduct

38. Procurement by Partners must be conducted in an ethical manner above reproach, with total impartiality, and without any preferential treatment:

- a) Promote fair, ethical and legal trade practices;
- b) Act promptly and courteously in an atmosphere of good faith and equality, and without intentional misrepresentation;
- c) Treat all information received from vendors in the strictest confidence, and guarantee the confidentiality of all specifications and price quotations received;
- d) Decline to take advantage of vendors' errors but show cooperation;
- e) Avoid causing unnecessary expenses or inconvenience when requesting offers/proposals;
- f) Remain absolutely free from any obligations to any vendor; and
- g) Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a vendor.

39. It must be noted that new clauses have been introduced to the standard Project Agreement with Governmental and Non-Governmental Implementing Partners which was revised in January 2013. These clauses, as an integral component, oblige implementing partners (1) to have or to adopt a plan to put in place investigation policies and procedures and to investigate allegations of abuse and possible misconduct (including fraud and corruption), and (2) to establish a disciplinary system to take appropriate disciplinary measures when misconduct is found to have occurred. Implementing partners are also required to share with UNHCR the full investigation report of any investigation into alleged abuse and misconduct and to ensure close coordination with UNHCR regarding the planning and conduct of any administrative action in regard to such allegations.

40. Negotiations may be conducted with more than one prospective vendor, to obtain the best final offer, but such negotiations may not change the terms of reference of the issued tender.

E.1.1.3. Conflict of Interest

41. Partner employees must avoid conflicts of interest, in particular:

- a) Partner employee conduct may not foster any suspicion of conflict between professional duty and personal interest.

- b) Nobody will solicit or accept, directly or indirectly, any gift, favour, entertainment, loan or anything of monetary value from vendors or potential vendors.
- c) Bids may not be solicited from, and contracts may not be awarded to, any company that is owned, controlled or actively influenced by any Partner employee or by a relative of a Partner employee.
- d) Vendors will not participate in developing or drafting specifications for goods or services for which they subsequently submit an offer/proposal.

E.1.1.4. UN Supplier Code of Conduct

42. UNHCR strongly encourages all Partners to commit their vendors to aligning their operations and strategies with UN Global Compact principles (<http://unglobalcompact.org>), which serve as an inspiration for vendors, and encourages vendors to sign the UN Supplier Code of Conduct as a part of the vendor registration process.

E.1.2. Partner Responsibilities

43. It is necessary to protect the Partner and UNHCR by clearly defining procedures to authorize requisitions, obtain offers/proposals, authorize invoices and make expenditures. The Partner must constitute an appropriate segregation of duties.

44. The Partner's Head of Office in the country of operation, as signatory to the PPA, will bear the ultimate responsibility for compliance with UNHCR's procurement policy and procedures as outlined in the Guidance Note, when procuring goods and services to support operations.

45. The Partner's Head of Office must ensure that a procurement manual, providing detailed advice is made available to procurement staff, and ensure that there is no conflict with the policies and procedures in the Guidance Note, and that proper controls for monitoring, documentation and review are in place.

46. The Partner's Head of Office in the country of operation must ensure that a coherent procurement function is established and maintained in its country office. This will usually take the form of a designated Procurement Unit. The Partner's Head of Office may delegate, as appropriate, the responsibility for this function to Partner employees according to their qualification.

47. Since purchasing requirements vary considerably depending on the country operation, Procurement Units may vary in size, number of staff and composition. However, certain basic functions must always be fulfilled, irrespective of the size or form of the procurement operation. The Partner's Head of Office is responsible for establishing a formal structure that is relevant to the needs of its country office.

48. The Partner Procurement Unit will:

- a) Provide a service to other units in the Partner country office by acting as the principal contact with vendors. The Unit serves as the exclusive channel through which all requests regarding prices, quotations and products are handled, including correspondence with vendors. Only authorized staff of the Partner Procurement Unit and the Requestor may jointly undertake negotiations with vendors. The minutes of discussions must be recorded. Similarly, only Partner employees formally delegated by the Partner's Head of Office are authorized to make commitments for the purchase of goods and services.
- b) Make the final determination of supply source, price and delivery schedule, in conjunction with other units when appropriate and in line with delegated authority.
- c) Develop a sufficiently wide range of supply sources to provide adequate competitive bids.
- d) Ensure that adequate measures have been taken to safeguard vendor confidentiality.

- e) Ensure that all procurement processes are well documented and clearly filed for future reference.
- f) Keep the Partner’s Head of Office informed about economic and market conditions.
- g) Ensure that Partner employees involved in procurement are in compliance with applicable procurement policies and procedures, and strictly adhere to its code of conduct.

49. It is a Partner employee’s responsibility to consult with senior colleague(s) and UNHCR in case policies and procedures are not clear or in case there are difficulties fulfilling the applicable requirements.

50. The Partner’s Head of Office will ensure the implementation of monetary limits of the authorization levels given to individual Partner employees. The authorization schedule, which covers expenditures related to the procurement with UNHCR funds, may not be circumvented in any way. A copy must be kept for audit purposes, and the dates of all changes must be documented to maintain a complete audit trail. The authorization schedule must clearly distinguish two functions pertinent to procurement:

- a) to make purchase commitments for the purpose of procuring goods and services; and
- b) to make or approve cash or bank disbursements.

51. In order to segregate duties and establish appropriate internal controls, a Partner employee will only be authorized in one of the two functions, i.e. either commitment or disbursement. Purchases or payments may not be divided or delayed in order to avoid obtaining the correct level of approval.

52. The suggested form of an authorization schedule is as follows:

Authorized staff (title + name)	Authorization limit USD (or equivalent)	Purchase commitments	Disbursement approval <i>Note: both columns may not be marked 'Yes' for the same employee</i>	Sample signatures
	Below USD 500	Yes/No	Yes/No	
	Below USD 5,000	Yes/No	Yes/No	
	Below USD 20,000	Yes/No	Yes/No	
	USD 20,000 or more	Yes/No	Yes/No	

E.1.3. Proper Vendor Management

53. Partners must establish policies and procedures for proper evaluation, pre-qualification and registration, and effective management of vendors.

54. Pre-award surveys conducted as part of the technical review of offers are recommended prior to the first award to a new vendor for a contract of high value, high priority or complex goods or services. Such surveys must include the vendor’s credit rating, affiliations, familiarity with the technical requirements, facilities, experience, references, capacity, production equipment, type of personnel, etc. A firm specialized in pre-award surveys may be engaged to obtain this information.

E.1.4. Competitive Bidding

E.1.4.1. Requirement for Formal Competitive Bidding

55. The thresholds for type of bidding/solicitations are the following:
- a) Procurement of below value of USD 5,000 (or equivalent): Such procurement does not require a formal competitive bidding process; a simple request for quotation (RFQ) is sufficient. Nevertheless, a fair review quotation is also required. Quotes must be provided in writing and can be submitted in the form of an e-mail, letter or fax. It is good practice to ensure the receipt of at least three written offers/proposals.
 - b) Procurement of above value of USD 5,000 (or equivalent): Such procurement requires a formal competitive bidding process. The objective of competitive bidding is to find the best quality of the required goods/services at the best value for money in a fair manner to support an operation.
56. Under a formal competitive bidding process, contracts may only be awarded after the invitation for, and the assessment of, at least three competitive quotations or bids, depending on the estimated value of the contract. Any exceptions from formal competitive bidding, such as sourcing from a sole supplier, must be justified in writing by the Partner’s Head of Office.
57. The highest possible number of potential vendors suitable for a specific contract must be invited to bid. Bidding may not be limited to vendors domiciled in the Partner’s country of operation or its headquarters, but preferably have a wider geographical distribution. To facilitate this, the Partner is required to maintain an up-to-date database of qualified vendors that meet objectively justifiable minimum requirements. Vendors are required to complete a “vendor registration form”.
58. The Requestor may recommend a source, but the selection of vendors to be solicited is a responsibility of the Partner Procurement Unit solely. All vendor representatives must be directed to the Partner Procurement Unit.
59. The following must be observed when dealing with vendors and their representatives:
- a) Provide equal opportunities to vendors to make prices and quotations, in accordance with specifications;
 - b) Keep vendors informed of current and anticipated requirements;
 - c) If, for any reason, one vendor is allowed to re-quote, other competitors must be given the same opportunity. Re-quoting must be exceptional.
 - d) No gifts or favours may be exchanged with vendors.⁴

E.1.4.2. Emergency Situations and Exceptions

60. In case of an exceptional operational situation, the Partner’s Head of Office or his/her delegate may request an exception (waiver) to the requirement of formal competitive bidding. Such request for a waiver, in writing, must provide valid justification and must be approved by the appropriate Committee on Contracts in UNHCR prior to contracting. A request for waiver is also subject to prior written approval from the UNHCR Head of Office in the country of operation.
61. If an emergency⁵ is invoked by the Partner’s Head of Office, this must be confirmed in writing by UNHCR and a written explicative “Emergency Statement” must accompany the request for waiver.

⁴ See paragraph 41.

⁵ See the definition of “emergency” in Section F.

62. Exceptions to the requirement to conduct a formal competitive bidding process, which must be kept to an absolute minimum, are allowed only when:

- a) Prices or rates are fixed pursuant to national legislation or by regulatory bodies;
- b) The proposed contract relates to procurement from a sole supply source of goods or services (e.g. sole authorized vendor) or to procurement of a proprietary product or service;
- c) Offers for identical products or services have been obtained competitively within a reasonable prior period, and prices and conditions remain competitive;
- d) The formal solicitation (Invitation to Bid or Request for Proposals) will not give satisfactory results, or when a formal solicitation done within a reasonable prior period has not produced satisfactory results;
- e) The procurement contract relates to services that cannot be evaluated objectively;
- f) Exigencies of service do not permit any delay due to waiting for the result of a formal solicitation. This applies to circumstances where goods or services are required immediately to prevent harm to life, health or well-being of refugees and other persons of concern in situations of true emergency.

E.1.5. Evaluation and Criteria for Contract Award

E.1.5.1. Evaluation

63. ***The Partner must ensure that detailed specifications of the required goods and services are prepared for tendering and assessment of offers, in advance of issuing the tender. Specifications of services, goods and construction works under the project governed by the Project Partnership Agreement must meet those established by UNHCR.***

64. The Partner Procurement Unit must allow for sufficient lead time to prepare the solicitation documents, the ability of the market to respond, evaluation of offers/proposals, production time, transport time and delivery to final destination.

65. All criteria specified in the solicitation documents, such as quality, delivery time, payment terms and compatibility with existing equipment, must be used to evaluate received offers/proposals.

66. An evaluation score sheet must be prepared, prior to the opening of the technical offers, to document the requirements in the solicitation document. This sheet will assign scoring weights for each requirement and may not be changed once the offers are opened. The comparison of bids documented in this table will present the deciding factors leading to the award of the Contract to the selected supplier.

E.1.5.2. Contract Award

67. The Contract for the procurement of goods or services will be awarded to the qualified bidder whose offer/proposal meets the requirements and is evaluated to be the best value for money.

68. The specifications provided in detail to bidders in the solicitation document will form the basis of the supply Contract.

69. To support the local economies of areas hosting refugees or other persons of concern, preference may be given to procurement of goods or services manufactured in the area of operation or readily available locally in the quality required at competitive prices. In practice, this translates into allowing a 15% higher price differential for locally manufactured goods as compared to the landed or customs-cleared cost of international procurement. A comparative analysis of local and international procurement costs must be documented to justify more costly local sourcing.

70. It is important to note that Purchase Orders and Contracts for goods or services are legally binding documents made up of an offer by one party and the acceptance of the offer by another party. A verbal agreement can be as binding as a written contract if it results in the provision of goods or services. Verbal agreements must be avoided, and extreme care must be exercised to not commit the Partner before issuing a Purchase Order or signing a Contract.

71. The Partner has the responsibility to carefully review purchase Requisitions concerning specifications, allocated budget and delivery time and, when in doubt, make appropriate inquiries to the Requestor.

72. Special care needs to be taken when procuring special relief items such as chemicals (e.g. pesticides, fertilizers, water treatment reagents), specialized equipment and supplies (e.g. laboratory, agricultural, medical/surgical, water supply, sanitary) and specialized services. PMCS must be consulted when in doubt or when expert advice is required to ensure that appropriate goods or services are purchased.

E.1.6. Supply Documentation

73. All procurement actions must be fully and transparently documented. This means that each procurement must be supported with a fully cross-referenced “stand alone” file with the complete and accurate documentation. Well-designed procurement forms will mirror each step of the procurement process and, if used correctly, allow effective management of procurement activities.

74. Complete and adequate documentation also forms the basis for accountability of the supplier, and will be required if any disputes arise or if any claims are made. All supporting documents must be kept for a period of six years for audit purposes. Documents must be filed by contract number and tender document number.

E.1.7. Payment Compliance

75. Payments to suppliers may only be made upon satisfactory fulfillment of all obligations in the supply Contract. Advance payments are, in principle, not allowed. However, they may be considered by the Partner for specific situations, in accordance with established criteria.

76. In order to process payment to a vendor for *goods*, the Partner Finance Unit must ensure compliance and make payments in line with the payment terms and availability of an original invoice, the original receiving report, or hand over documents to the freight forwarder, third party inspection report (if applicable), and a copy of the Purchase Order.

77. In order to process payment to a vendor for *services*, a copy of the Contract is required together with the original invoice approved by the Requestor.

E.2. Procurement Procedures

78. This Section details the procurement process and highlights relevant procedures. It is important to note that, in line with the procurement policy, delegated authority must be established and documented for any procurement activity.

E.1.1. Identification of Needs

79. Procurement by the Partner using UNHCR funds must be agreed as part of the work planning process between the Partner and UNHCR, under the Project Partnership Agreement. UNHCR requires the Partner to identify, quantify, specify and plan for the needs of refugees and other persons of

concern and operational support, in line with the Project Partnership Agreement and in close cooperation with the UNHCR field office. This will result in the establishment of a detailed procurement plan and budget.

80. If exceptional circumstances prevent planning and early notification of the requirement, all applicable procurement procedures are still required to be followed. If this is not possible because of urgency, the reasons and circumstances for the urgency must be fully documented and approval must be obtained from the Partner's Head of Office. In any event, procurement by the Partner must be allowed and budgeted for under the Project Partnership Agreement.

81. The Partner Procurement Unit will provide planning support, i.e. appropriate support and advice to the Requestor in completing the Requisition with regard to:

- a) Detailed specifications;
- b) Delivery expectations; and
- c) Policy and procedures.

E.1.2. Requisition

82. A formal written Requisition must be made by an authorized Requestor to the Partner Procurement Unit in order to initiate the procurement process. A completed Requisition is required for all purchases of goods and services equal to or above the petty cash amount limits (usually less or equal to USD 500). Requisitions must be submitted early enough to provide sufficient lead time to meet delivery and distribution schedules.

83. Before proceeding with any procurement, the Partner Procurement Unit must review the Requisition and make certain that proper approval has been obtained. It is important to note that the Partner Procurement Unit is not authorized to alter specifications, quantity or other details of a Requisition, unless such changes have been discussed with the Requestor and given appropriate approval.

84. The completed Requisition, along with the subsequent offers or proposals from vendors and evaluation done by the Partner Procurement Unit, serves to support the creation of a Purchase order or Contract and eventual payment to a vendor. No procurement activity will be undertaken without a fully completed and authorized Requisition.

E.1.3. Establishing Bidders List

85. Potential vendors that have not yet been registered must be requested to complete a vendor registration form. Following an evaluation by the Partner Procurement Unit, the vendor may be added to the Partner's active database of registered vendors. A good vendor database must be maintained and kept up-to-date and will contain for each pre-qualified vendor:

- a) Full name and address;
- b) Product information and data sheets;
- c) Supply information (quality, delivery times, payment terms and warranties);
- d) After sales services;
- e) Packing and shipping facilities;
- f) Management data and historical data;
- g) References;
- h) Verification that the vendor is not listed on the United Nations list of suspended and removed vendors;
- i) Results of previous bidding and comments on past performance; and
- j) Audited financial statements for the last three years.

86. From this database of registered vendors, the Partner Procurement Unit will identify and select eligible vendors to solicit bids for a particular procurement process, filtering on:

- a) Vendors who delivered against the last contract;
- b) The best three vendors from the last solicitation;
- c) Newly identified vendors;
- d) Other relevant vendors.

87. Vendors which are not able to supply the needed goods or services, or other vendors which are not eligible or suitable to bid, may not be added to a bidding list simply to make up the numbers.

E.1.4. Solicitation Documents: Request for Quotation (RFQ), Invitation to Bid (ITB), Request for Proposal (RFP) and Scope of Procurement

88. Solicitation documents must furnish all information necessary for a bidder to prepare an offer or a proposal and explain the main criteria for their evaluation. The rights of the bidder regarding the acceptance or rejection of offers or proposals must also be stated.

89. A formal tender process is required for procurement with a value of USD 5,000 or greater. In such cases, either an Invitation to Bid or a Request for Proposal must be used for procurement. For procurement with a value below UD 5,000, formal bidding is not required and a Request for Quotation (RFQ) may be used for tendering.

90. The Invitation to Bid (ITB) is a formal method of tendering. It is used for the procurement of goods and services with standard and firm specifications that can be expressed qualitatively and quantitatively. Bids may be submitted in either one sealed envelope or two sealed envelopes (where technical and commercial information are submitted separately).

91. The Request for Proposal (RFP) is also a formal method of tendering. It is used for the procurement of goods and services that cannot be expressed in sufficient detail to allow for the use of an ITB, for example in the case of professional services or complex goods or works. An RFP requests a technical proposal offering a solution to the requirements specified in the tender document, as well as a separate commercial proposal. A two-envelope system must be used: one for the technical offer and one for the commercial offer.

92. The recommended minimum number of vendors invited to bid for each tender is outlined in the table below. Consultation with UNHCR's Procurement Management and Contracting Service (PMCS) is recommended in case of high-value procurements in excess of USD 1 million. It must be noted that there may be few potential vendors in some operational contexts or for some specialist goods or services. In those instances, it is important to document the reasons for inviting fewer than the recommended number of vendors.

Value of tender (USD or equivalent)	Solicitation document required	Recommended minimum number of vendors to be invited
< 2,000	Written request	Two
2,000 < 5,000	RFQ	Three
5,000 < 150,000	ITB or RFP	Eight
150,000 < 1 million (for a single or aggregate purchases)	ITB or RFP	12
> 1 million (for single or aggregate purchases)	ITB or RFP	20 to be done in consultation with UNHCR Country Office that will seek the advice of UNHCR HQ/PMCS

E.1.5. General Elements of a Formal Solicitation Document

93. Form of submission: The ITB and the RFP are formal solicitation documents. Their content is crucial to a good procurement process, since they define the procurement requirements and the basis on which the submission is to be made. ITB or RFP tender documents must be sent simultaneously to all potential bidders to ensure equal treatment.
94. The tender document must always stipulate that offers or proposals, including pricing, must be submitted in a sealed envelope (or envelopes) identifying the contents. In the case of RFPs and for complex or specialized contracts, bidders will be asked to submit the technical and commercial proposals in two separate sealed envelopes (the “two-envelope system”).
95. The ITB or RFP must specify the main criteria for the evaluation of proposals.
96. The selection will be made based on the principle of best value for money. Bids must be scored when evaluated, with price and technical evaluation scores indicated in percentages. For example, an RFP evaluation for goods could be evaluated by weighing the technical evaluation at 60% and the price at 40%; for consultancies, the price and technical evaluation could be weighed at 50% / 50%.
97. Closing date/time: The response time allowed for offers or proposals is based on the complexity of the required goods or services. Vendors are generally given ten days to two weeks to respond to an ITB or RFP. In cases of emergency, vendors may be required to respond as quickly as within 24 hours. For complex or specialized goods or services, it is usually appropriate to allow more than two weeks, even a month or more.
98. Validity of offers/proposals: They must allow enough time (usually 90 days) for the Partner to complete the comparison and evaluation of offers/proposals, to evaluate samples (if required), to clarify particular aspects of the proposed contract, to obtain all necessary approvals, to award the contract and to receive back the countersigned contract from the vendor;
99. Any specific conditions must be shown under a separate heading, such as the currency in which offers are to be made, if samples are to be provided or if laboratory test certificates are required.
100. Conditions for purchase orders for goods or services. It is important to ensure that the vendor accepts the Partner’s general terms and conditions, either during vendor registration process or when submitting an offer.
101. The required number of copies of the offer/proposal must be noted in the tender document.
102. Performance security: A performance bond must be considered for high-value contracts, construction contracts and critical projects, to be provided by the vendor on or before the effective date of contract.
103. Any potential bidder under an ITB or RFP process requiring additional information must submit a written request, either by letter, e-mail or by fax. The response and a copy of the question must be sent simultaneously, in writing, to all potential bidders, whilst maintaining confidentiality about who is bidding.
104. It may be necessary to organize a meeting with potential bidders under an ITB or RFP process to provide additional information which cannot easily be dealt with in writing (e.g. when bidders have complex queries concerning product specifications). Such a meeting, for which all potential bidders must be invited to attend, would need to take place prior to the bid closing date. A record of the meeting will be provided without delay and simultaneously to the attending and other potential bidders. Prompt action must be taken in order not to compromise the bid closing date.

105. An extension of the closing date/time may be granted if justified by exceptional circumstances (e.g. when many vendors cannot comply with the closing deadline) or if requested in writing by more than one bidder. When an extension is granted, all bidders must be informed immediately and simultaneously. A bid opening may only take place after the new deadline for the submission of bids.

E.1.6. Specific Elements to be included in an ITB or RFP for Goods

106. It is recommended that the ITB or RFP document includes a template offer form, which the suppliers will use, facilitating the evaluation of bids. The form must include fields for the supplier to record the necessary offer elements, e.g. currency of offer, unit price, quantity discounts, and applicable taxes.

107. The vendor is required include a warranty for items which by their nature and price are normally guaranteed against deficiencies.

108. For the purpose of evaluation and comparison of offers, bidders must be requested to quote on the basis of identical trade terms. Bidders are required to state the following:

- a) EXW unit prices (Ex Works);
- b) EXW total price, including cost for packing and loading;
- c) Price increment for delivery, as applicable, according to Incoterms, e.g.:
 - FCA to named place of departure (Free Carrier);
 - CIP to named place of port of entry (Carriage and Insurance Paid to);
 - DAP to named place of destination (Delivered at Place).

109. If required, the ITB or RFP must request the cost of the following services, to be quoted separately from the cost of the goods:

- a) Freight and other expenditures related to inland transportation and delivery by the vendor in the country of destination;
- b) Installation and commissioning;
- c) Training;
- d) Maintenance and repair; and
- e) Detailed operations and maintenance manuals.

110. In case the Partner benefits from duty tax exemption status in the country, the offer cannot include sales tax, customs duties and other import taxes levied in connection with an importation of goods. The bidder must specify that the prices quoted are free of taxes, and that they benefit from such exemption. The Partner is encouraged to obtain such exemption status.

E.1.7. Specific Elements to be included in an ITB or RFP for Services

111. The following elements must be included specifically in an ITB or RFP for services:

- a) A warranty from the vendor;
- b) A detailed description of the services to be provided, including an implementation schedule;
- c) The payment schedule;
- d) A request for customer references; and
- e) A request for staff references, as applicable.

E.1.8. Reception of Formal Offers or Proposals Under the ITB or RFP Process

112. Sealed envelopes received under the ITB or RFP process must be marked “*not to be opened before (closing date/time)*” and must bear the references requested by the Partner on the outside envelope for identification purposes. If the Head of Office can guarantee complete confidentiality for the receipt of offers by a dedicated fax (e.g. on a fax machine to which the Partner Procurement Unit has no physical access), the receipt of offers/proposals in this way may be considered.

113. Upon receipt, the unopened offers or proposals must be immediately safeguarded in a locked bid box and not opened until the bid opening deadline. The bid opening will ideally be conducted by a Bid Opening Committee and bid openers are all required to be present when opening the bid. Under no circumstances, will an offer or proposal be opened, altered, reviewed or examined, nor will it be marked or defaced in any way, prior to the official bid opening.

114. Offers or proposals received after the closing date will not be considered. All late offers or proposals will be returned to the respective bidders. Offers or proposals which are not submitted in sealed envelopes will also not be considered.

115. The following arrangements will be made for *opening offers or proposals under ITB or RFP*:

- a) Sealed bidding: offers or proposals will be opened (or disclosed if received by fax) by at least two Partner officials, who will prepare and sign a record of the bid opening, including the date and hour when it was held, the persons present and their initials, the number of offers or proposals received, and the names of the bidders.
- b) Only authorized staff are allowed to participate in the bid opening for ITB or RFP tender documents.
- c) Those who open the offers or proposals must verify whether the offers or proposals meet the general requirements for valid receipt specified in the solicitation documents, and whether they have been properly signed.

116. ***Bidders are not permitted to alter the offer or proposal after the closing date.*** Any bidder may, however, be requested to clarify an aspect of an offer or proposal in writing, but a change in the substance or price of the offer or proposal may not be sought, offered or permitted.

117. Prior to the award of Contract, no information may be revealed concerning offers or proposals such as relative standing, names of bidders, etc. After the award of contract, the decision will be announced to all bidders. Explanation may be provided upon request. Under no circumstances, however, will any bidder’s confidential information be disclosed to another vendor or to officials not directly concerned with the evaluation process.

E.1.9. Review and Evaluation of Offers or Proposals and Award

118. The Partner must establish internal reviews and thresholds for authority, approval and oversight (through the Partner Committee on Contracts) at field, country or HQ level (depending on the presence and structure of the organization) to review contracts, i.e., contracts below USD 20,000 at field level, contracts between USD 20,000 and USD 150,000 at country level, and high-level contracts of USD 150,000 or more at HQ level. The Partner Committee on Contracts will hear recommendations on cases from the Partner Procurement Unit and ensure that the procurement process has been properly conducted in line with the Partner’s policies and procedures, and will award or reject a recommendation to establish a contract accordingly. Minutes of the deliberations and decisions reached must be retained on file. Committee members must ensure that they have no conflict of interest in reaching their decisions, and to this end are not allowed to work as part of the Procurement Unit.

119. The purpose of evaluation is to determine which vendor has the lowest price for the acceptable specifications (principle of “best value for money”). In determining whether an offer or proposal is acceptable, non-price factors are first taken into account. If all other technical elements are equal, the lowest price acceptable offer or proposal must be selected. The basis for award must be duly documented and justified, and must be based on the established evaluation criteria in the tendering document.

120. The Partner Procurement Unit will thoroughly review each bidder’s offer/proposal in order to detect any problem. In the event of a calculation error in an offer or proposal, the unit price will prevail. If it is clearly beyond doubt that a fundamental mistake has been made, the Partner Procurement Unit may permit the bidder to withdraw, but not alter, the offer or proposal.

121. The factors that will be considered in an evaluation, in addition to price, for the purpose of determining the best acceptable offer or proposal will be specified in the RFQ, ITB or RFP, and will include where applicable:

- a) Compliance with legal requirements, technical specifications, relevant international standards and technical norms;
- b) Compatibility with existing equipment and standardization plans;
- c) Compliance with required time schedules;
- d) Delivery times;
- e) Payment terms;
- f) Guarantees, availability of spare parts, after-sales services and training;
- g) Life-cycle aspects covering maintenance and operating costs;
- h) Capability, capacity, financial standing, past experience and performance of the vendor and its local representative;
- i) If delivery time is a main factor for award, a liquidated damages clause will be made part of the contract;
- j) If offers or proposals are in a currency other than the local currency, they will be converted at the prevailing rate of exchange for evaluation purposes.

122. Depending on whether it concerns local or international procurement, the evaluation and comparison of offers/proposals will be made on the basis of either Delivered Duty Unpaid (DDU) or Carriage and Insurance Paid (CIP) prices to the port of entry, unless otherwise stipulated.

123. Offers or proposals received under an ITB or RFP process (such as complex goods or services) will be submitted to the Requestor for technical evaluation by a committee, in accordance with the award criteria listed in the solicitation documents. The Technical Evaluation Committee (normally chaired by the Requestor) must prepare and sign a detailed evaluation score sheet (Bid Tabulation Form) and evaluation report, and it will specify which technical offers are cleared as sufficiently meeting the technical specifications outlined in the solicitation document.

124. Under the two-envelope system, all pricing information must be submitted in a separate sealed envelope. After the technical evaluation is conducted, the price for only those offers that are technically cleared is reviewed. This is done by the Partner Procurement Unit (not by staff participating in the technical evaluation).

125. The results of the technical evaluation scores will be provided to the Partner Procurement Unit who will summarize them in a “Bid Tabulation Form”, listing which offers or proposals have been technically cleared and which have not, with the corresponding evaluation scores. Technical evaluation scores will be weighted in line with the tender document criteria (apportioned technical/price percentages, such as 70% and 30%).⁶ Price scores will be tabulated and weighted (for

⁶ Note: under a two-envelope submission, the commercial offer for suppliers’ bids that are not technically cleared is not opened.

each technically acceptable offer or proposal), and a combined score will be calculated. The score is highest for the lowest price offer. Commercial scores are allocated to the other bids in proportion to the lowest price offer.⁷ The Partner Procurement Unit will include all supporting documents and a written statement of all relevant factors leading to the final recommendation for the award of the contract.

126. In the case of an RFQ for single purchases of “off-the-shelf” goods, a detailed technical evaluation report is not required. The signed and reviewed Tabulation of Offers, as approved by the Partner Procurement Unit, together with the supporting documents form the basis for the award of the contract.

127. *Extension of validity:* The evaluation and award of the contract must be completed promptly within the period of the validity of offers or proposals as stipulated in the solicitation documents. If justified by exceptional circumstances, an extension of validity must be requested in writing from all bidders before the expiration date. When an extension is requested, bidders may not be asked or permitted to change the price or other conditions of their offer or proposal. Bidders have the right to refuse to grant such an extension. Any bidder not granting an extension automatically declines their further participation in the concerned bidding process.

128. *Rejection of offers or proposals:* The Conditions for Purchase Orders or Contracts, submitted with each RFQ, ITB or RFP will contain a statement concerning the Partner’s right to accept or reject any offer or proposal prior to the award of contract and to annul the bidding process and reject all offers at any time. When required in the interest of operations, for example when an insufficient number of substantially responsive offers or proposals is received or when there is lack of effective competition, all offers or proposals may be rejected and new ones solicited based on the same or revised specifications. Such action may not be taken for the sole purpose of obtaining lower prices.

129. If the award of contract was preceded by negotiation by designated Partner employees, this must be duly documented and recorded in the Procurement File, specifying the contract negotiation objectives (delivery, quality, price etc.). Such negotiations must be entered only upon the duly authorized person and conducted/recorded in a transparent manner, after award of the contract. A contract may only be awarded when funds are confirmed and authorized to be available.

E.1.10. Ordering and Inspection

130. A letter, with the following tendering documents, is submitted to the Partner Contracts Committee or to the authorized officer as the basis for awarding the contract:

- a) Requisition;
- b) RFQ or ITB or RFP;
- c) Record of the opening of the offers/proposals;
- d) Technical evaluation report (if relevant);
- e) Tabulation of offers; and
- f) Offers or proposals received (all in original).

131. Purchase Orders or Contracts will be utilized to establish contractual obligations. They are issued according to a numerical sequence of reference numbers.

132. The required basic data in a Purchase Order or Contract are:

- a) Contract number and date;

⁷ For example, if the lowest price offer is 100, and the commercial points allocation is 30%, then this bid receives the full 30 percentage points. If another offer is priced at 120, it receives 30*100/120 points or 25 percentage points and so on.

- b) Page number and total number of pages (e.g. 1/3, 2/3, 3/3);
- c) Vendor's address, contact person and phone number;
- d) Vendor reference number;
- e) Consignee and, if different, delivery address;
- f) Trade terms (Incoterms);
- g) Mode of shipment and trans-shipment point (via);
- h) Delivery date (note: never "ASAP");
- i) Terms and conditions;
- j) Timeframe of the contract;
- k) Liquidated damages or compensation for non-compliance with terms and conditions;
- l) Cash terms (prompt payment discounts);
- m) Item number(s);
- n) Complete description of goods or services;
- o) Quantity, unit of measure, unit price and total for each item;
- p) Total order value;
- q) Requisition reference;
- r) Partner buyer name/code and phone number;
- s) Authorized signature.

133. Inspection of consignments at various stages in the supply process assures quality and quantity control of the goods provided. To minimize problems encountered on delivery, the Partner Procurement Unit may consider the need for inspection services by a neutral inspection company for each contract or may use UNHCR's framework agreement for inspection services. Related costs will be covered as agreed in the PPA. The services of an inspector may range from a general pre-shipment inspection to inspection during all stages of production and laboratory analysis.

134. Standard conditions for Purchase Orders or Contracts will be incorporated in all such contracts. Any deviation from these must be approved by the Partner Procurement Unit and referenced in the contract.

135. If a progress payment is requested by the vendor and has been negotiated, this will be specified in the contract.

136. Change (including cancellation) of an outstanding order or contract must be made in writing to the Partner Procurement Unit, who will consult with the Requestor and the vendor. Under no circumstances will the Requestor contact the vendor directly to modify an order or contract. If change is approved, an amendment of the contract or the order must be issued with the words "Contract Amendment" or "Change Order" written on the top of the page. A description of the changes must be written into the body of the contract and approved by both the Requestor and the vendor.

E.1.11. Consignments, Importation and Customs, Insurance

E.1.11.1. Consignment

137. The Partner will designate UNHCR as the consignee for procurement done with UNHCR funds.

E.1.11.2. Importation and Customs

138. The Partner will ensure that all customs and registration documents, licenses and operating permits which may be required for the importation of Project equipment and supplies will be applied for in ample time, prior to the forecasted importation date, in order to avoid delays at the port of entry. The Partner will indicate to the competent authorities that the Project supplies are procured with UNHCR funds.

139. UNHCR will make every effort to assist the Partner in clearing all Project equipment and supplies foreseen and necessary for the implementation of the Project through customs at places of entry into the country where activities related to the Project are to take place.

E.1.11.1. Insurance

140. Insurance coverage must be considered at least for high value or otherwise critical contracts. Certain Incoterms, such as DAP or CIF, make transport insurance a part of the vendor's responsibility. Transport insurance can usually also be obtained separately through a freight forwarder.

141. In the event of damaged goods, the Partner will lodge insurance claims, or provide the necessary information in order for UNHCR to do so, for receipt of damaged goods. Such claims must be made, within the specified time following delivery, with the relevant insurance company and according to the terms and conditions for the lodging of claims as stated in the relevant insurance policy. If the settlement of an insurance claim results in a reduction in price or in reimbursement in cash, this must be reflected in the Project accounts.

E.1.11.2. Incoterms

142. Incoterms is a series of sales terms, widely used in international commercial transactions for goods. The purpose of Incoterms is to provide international rules for the interpretation of commonly used trade terms in international transactions. They give a uniform set of guidelines for the interpretation of buyer and vendor obligations under three main headings:

- a) Place of delivery;
- b) The division of costs;
- c) The point at which the insured risks pass from the vendor to the buyer.

143. Incoterms also identify which party is responsible for export documentation under each term. By stating the Incoterms under which the Purchase Order is issued, both the vendor and the Partner know the rules governing the delivery. The Partner Procurement Unit must be fully conversant with the meaning and ramifications of the quoted Incoterms.

144. International procurement arrangements will be made on Carriage and Insurance Paid terms (CIP terms/Incoterms 2013) by surface or airfreight to the final destination or minimum to the port of disembarkation. The arrival schedule in one or several consignments must be agreed with UNHCR.

E.1.12. Transportation

145. Transportation must be considered when the contract includes delivery of goods or services at the destination. Transportation may involve a significant cost component of the purchase and may affect delivery time. As such, it requires appropriately detailed planning. Once a requisition has been raised, the Partner Procurement Unit must investigate options for the most acceptable, reliable and economical means of moving the goods or services to the intended destination.

146. Attention is drawn to the complexity and pitfalls of transport documents and transportation. The Partner is strongly recommended to formulate local policies and procedures for both domestic and international transportation, taking account of import tax considerations.

147. In the selection and contracting of freight forwarders, it must be noted that carriers and their agents will conduct their business under limited liability and under agreed conventions and take risk mitigation measures.

148. The freight forwarder will be instructed to send to UNHCR as the consignee the following documents, if applicable:

- a) Advance shipping advice by fax or e-mail;
- b) Waybill (original and one copy);
- c) Commercial invoice (one copy);
- d) Packing list;
- e) Third-party inspection certificate (if applicable);
- f) Insurance certificate (if applicable);
- g) Certificate of origin (if required); and
- h) Other documents (if required) (e.g. radiation certificate, certificate of analysis).

E.1.13. Contracting for Goods and Services

149. Contracting for goods and services requires clear terms of reference and active oversight by the Requestor following the award of contract.

150. Terms of Reference (TOR) are prepared by the Requestor, which succinctly and clearly state the nature, timeliness and measures of performance required of the contractor. The TOR may include standards for accomplishing work. The Partner Procurement Unit may assist with clarifying the TOR, but the responsibility for preparation and subsequent monitoring rests with the Requestor.

151. An estimate of the cost for the goods and/or services to be acquired must be prepared by the Requestor. Sources for the estimate include amount paid for previous contracts under competitive conditions, and market surveys. A realistic and reasonable estimate provides a baseline to permit analysis of proposed prices and determination of reasonableness.

152. The Partner Procurement Unit must maintain records of solicitation documents, all original proposals, selection documents, evaluation reports and the contract.

153. Signature of Contracts. The Contract must be signed by the Partner and the contractor. It is usual practice that the contractor signs the Contract first. The number of signed originals of the Contract is determined by the Partner procurement policy. However, a minimum of two originals must be prepared, one for the contractor and one for the Partner. Copies of the contract will be provided to the Requestor and to the Partner Finance Unit. Distribution of additional copies of the contract must be made in accordance with the Partner's internal procedures.

154. Modifications to Contracts may only arise when unexpected or emergency situations occur and must be reflected in an amendment of the Contract. Clauses for providing for amendments will be stipulated in the contract. Funds must be certified as being available prior to modifying a contract that increases its amount.

155. Active oversight or contract management ensures that contractor performance is monitored and that any shortcomings are promptly brought to the attention of the contractor for correction and adherence to the terms of reference as included in the Contract. Active oversight also ensures timely processing of contractor invoices.

156. Payment will be made upon satisfactory completion and acceptance of work. Upon submission of the invoice by the contractor, payment will be promptly made in accordance with payment terms established in the Contract.

157. Advance payments are, in principle, not allowed. However, they may be considered by the Partner for specific situations, in accordance with established criteria.

158. In case advance payments are necessary, they may not exceed 50% of the total vendor contract. Under no circumstances, such advance payment may exceed USD 10,000 without prior and

written authorization by the UNHCR official who has countersigned the Project Partnership Agreement.

159. Progress payments may be appropriate for contracts lasting longer than two to three months and for services with discrete or regular progress intervals, for example:

- a) Annual maintenance or other service contract. The payment schedule must be reflected in the contract.
- b) Study or report lasting several months to a year. Payment can be based on steps accomplished to achieve the final report or study. Milestones must be realistic and reasonable.

160. Progress payments will not be applied for shorter term contracts which involve the discrete delivery of goods or services.

161. Contracting for services is often more complex than contracting for goods. If necessary, further support and clarifications may be obtained from PMCS (hqsmsipp@unhcr.org).

E.1.14. Expedition

162. Expedition entails follow-up of the status of progress of the Order through the logistics chain, and is most effectively done in advance of delivery rather than chasing late consignments. This requires maintaining a record of expected shipments and arrivals to track orders and keep the final destination informed of progress.

163. Partner employees responsible for the expedition of Purchase Orders and/or the management of service contracts must review all active files at least on a weekly basis, or as frequently as required. It is also important in this context to monitor each shipment stage: ship's arrival, discharge, storage, customs clearance, and loading and transportation to final destination.

164. The Partner Procurement Unit must facilitate reasonable requests for support and assistance from vendors to enable them to meet their contractual obligations.

165. The Partner Procurement Unit will accept the actual delivery of services only for those service contracts relating to its own function (where it is also the Requestor); since it is the Requestor who is in the position to effectively monitor the progress of services requested.

166. Visits to the vendor to monitor on-going performance of Purchase Orders and service contracts may be appropriate, using performance evaluation forms and quality control checklists. The evaluation and appraisal of vendor performance must be carried out on a continuous basis. The Partner Procurement Unit must document any findings/reviews/inspections and ensure that one copy is included in the file and another copy in the vendor database. The information is required to provide feedback into the vendor selection system and to assist in the resolution of any dispute arising from a Contract.

167. The following procedures must be observed in case of delayed delivery:

- a) Examine the delivery status of all Contracts which have been confirmed with vendors and for which delivery has been delayed beyond the contractual delivery date;
- b) Check with the Requestor for eventual receipt for those contracts singled out by this review. If not received, check whether the delayed goods or services are still required;
- c) Contact the vendor for a realistic delivery date if the delayed goods or services are still needed, and follow-up on prompt expedition;
- d) In case the vendor states that the goods (and documents) have been shipped or the services delivered, 1) obtain the shipping date and shipping information; 2) ask the

vendor to investigate and advise on current status; and 3) trace the consignment through receiving agents or, in case of services, obtain proof of satisfactory delivery.

E.1.15. Receipt, Rejection and Claim

168. As soon as goods or services are received, they must be promptly and carefully examined or assessed to verify that they fully conform to the Contract.

169. For each Purchase Order, whether local or international, a “Receiving Report” must be completed. The authorized official must sign and date the report, certifying whether the goods or services have been received in full and in good order or otherwise. Upon certification of receipt, the received goods or services must be promptly and accurately recorded in the accounting system.

170. The original Receiving Report is the basic document to initiate payment to local vendors. International vendors usually have to be paid upon delivery to the forwarder in the exporting country in accordance with Incoterms. A copy of the Receiving Report is required for the Procurement File, for follow-up action and closure.

171. In case of any problem detected upon delivery (such as loss, damage, wrong quality or quantity), the basic policy is not to accept any non-conforming goods or services and to immediately inform the vendor. However, it is important to know the legal status of the goods or services in order to take the appropriate following action, depending on whether the ownership is already with UNHCR as the consignee or still with the vendor.

172. The following actions have to be taken for all non-conforming deliveries having taken place, irrespective of the ownership:

- a) Note reason for objection:
 - For goods: on the transport document, i.e. the waybill as well as on the Receiving Report;
 - For services: on the Handover Report.
- b) Inform the vendor immediately.

173. In addition, for contracts where the vendor has full responsibility until delivery is accepted by the consignee (e.g. under DAP), conclude one of the following options:

- a) Reject delivery or part of it;
- b) Request replacement, re-performance or repair free of charge;
- c) Only after approval, contract again with the second-in-line vendor/the second best bidder of the bidding process and collect excess costs from the defaulting vendor;
- d) Terminate the contract.

174. For contracts on basis of other terms, provided they are covered by insurance:

- a) If a carrier is suspected to be at fault, send a protest letter to the last carrier; a copy of this letter is imperative for a later insurance claim);
- b) If the expected loss/damage exceeds USD 1,000, obtain a Short Landing Certificate and/or arrange for an independent survey report (required for a subsequent insurance claim).
- c) Initiate claims action (carrier, vendor, insurance);

175. Only in exceptional cases, the following options may be considered:

- a) Allow contract performance after obtaining adequate consideration and approval from the Requestor; or
- b) Agree to an equitable adjustment and issue a Change Order.

176. When it becomes necessary to return goods, the Requestor must prepare a memorandum to the Partner Procurement Unit for action, identifying each item to be returned with reference to the original

contract. On the basis of this memorandum, the Partner Procurement Unit will negotiate the return of the goods with the vendor. The options available are:

- a) The vendor furnishes a suitable replacement at no charge, arranges pick-up, handling and freight costs;
- b) The goods are returned to the vendor for full credit with freight collect (or at cost);
- c) The goods are returned to the vendor with their consent (except DDU delivery) for full credit less replenishment charge and freight; or
- d) The goods are scrapped with the approval of the vendor and/or the insurance company.

177. Termination of a contract is done in an amicable manner to the extent possible, and care must be taken towards maintaining a satisfactory professional relationship between the vendor and the Partner during and after the termination.

E.1.16. Tax Exemption and Customs

178. The Partner Procurement Unit must advise vendors of the tax and duty exemption status of Partners at the time a Purchase Order or Contract is issued, prepare for these exemptions to take effect, and ensure that goods move in an expeditious manner from the vendor to final destination through conscientious follow-up procedures.

179. The Partner is required to maximize the use of any tax exemptions available under its charitable status for the procurement of goods and services. In situations where goods and services procured by the Partner may be subject to customs duty or taxation, the Partner will consult with UNHCR on whether and how these payments may be exempted under the applicable international and national legal instruments.

E.1.17. Payment

180. Prompt payment, in accordance with contract terms, is a critical aspect of any commercial relationship with a vendor.

181. Invoices from vendors will be examined, verified and certified independently by the Partner Finance Unit. Such examination will include supplementary documentation covering:

- a) Unit and total prices;
- b) Quantities specified in the contract;
- c) Previous payments;
- d) Deductions;
- e) Signed Receiving Report (for goods) or Handover Report (for services);
- f) Copies of payment vouchers and invoices, reported and referenced to all assets acquired with UNHCR funds;
- g) Other obligations specified in the contract (e.g. installation, training, etc.).

182. Examination and verification of invoices will be performed expeditiously in order to assure timely payment within the timeframe agreed. This verification will confirm that the goods or services invoiced have been authorized as actually received in conformity with the contract. Any deficiencies or discrepancies will be referred to the Partner Procurement Unit. If progress payment was agreed upon in the contract, progress has to be certified by the Requestor of the goods or services.

183. The Partner Finance Unit will certify the invoice for payment. Only the amount stated on this certified invoice, taking into account given discounts, will be paid. Cash discounts taken or lost must be reported accordingly. Lost discounts must be justified in a note, to be added to the Procurement File.

184. Several payment options exist depending upon the agreement reached between the Partner and vendors. Whatever the payment conditions, they must always be clearly detailed in the contract. The principal options are:

- a) Bank transfer directly from the Partner's account. This is preferable because the Partner has control throughout the payment process.
- b) Check drawn from the Partner's account and handed over directly to the vendor.
- c) Letter of credit. This is least preferable option since it is costly and time-consuming.

E.1.18. Procurement File

185. The Partner Procurement Unit must maintain a file for each procurement. A typical "stand-alone" Procurement File would contain the following, in this order, separated by dividers for easy reference:

- a) Requisition;
- b) Company names and contact persons for vendors solicited;
- c) Copy of the request for written offer (RFQ, ITB or RFP);
- d) Original offers or proposals from responsive vendors, including all related correspondence;
- e) Evaluation of offers or proposals or approved waiver giving justification for vendor selection and award price,
- f) Tabulation of offers;
- g) Justification for lack of competition, in case less than the specified number of bids were received;
- h) Partner Contracts Committee minutes and decision, if appropriate (depending on value of contract);
- i) Copy of the Purchase Order or service contract including orders for inspection and insurance, if applicable;
- j) Expedition documents;
- k) Customs clearance documents (in case of international procurement);
- l) Copy of the Receiving Report (for goods) or Handover Report (for services);
- m) Copy of the vendor invoice;
- n) Payment vouchers/receipts;
- o) Other documents and correspondence related to the Contract;

186. The Partner Procurement Unit must document any anomalies or deviations from policy or procedures in a purchase with a signed explanatory "note to the file". Full supporting documentation must be maintained to respond to future questions from reviewers or auditors.

F. DEFINITIONS

Advance payment: Payment made before goods or services are delivered. Advance payments may only be made in exceptional circumstances.

Competitive bidding: Process of bidding to be employed by the Partner in compliance with the Guidance Note, for all procurement where the value is above USD 5,000 or equivalent. Under a competitive bidding process contracts are awarded only after the invitation for, and the assessment of, at least three competitive quotations or bids (the number depends on the estimated value of the contract and its complexity). Any exceptions from competitive bidding procedures, such as sourcing from a sole supplier, must be justified in writing.

Contract: Legally-binding agreement between two or more competent persons/parties to perform or not to perform a specific act(s). It generally takes the form of a written agreement made up of an offer by one party and the acceptance of the offer by another party. A procurement contract is legally

binding for each party, and contains what has been agreed (including terms and conditions) between buyer and seller, serving as proof of their obligations. A legally-binding agreement is generally in the form of a Purchase Order, Contract or Framework Agreement.

Emergency: Unexpected situation that is so compelling that, if not addressed immediately, it would endanger life, property or adversely affect essential operations. The emergency situation is such that it precludes requisitioning through normal supply channels, use of normal contracting methods and obtaining advanced approvals normally required to respond to the situation. Examples include a sudden unexpected influx of refugees, or a fire or flood in a refugee camp. However, an urgent need due to delay by those responsible or failure to plan adequately does not qualify as an emergency.

Formal bidding process: The Invitation to Bid (ITB) and Request for Proposal (RFP) are formal bidding processes with defined requirements and clear parameters for contract award. They must be used for tenders of USD 5,000 or more. (In contrast: the request for quotation (RFQ) is not a formal bidding process, but rather a tender process which can be used for lower value procurement where the requirement is clear and specific.)

Framework Agreement: Agreement between supplier and Partner which sets out terms and conditions under which specific purchases (or ‘call-offs’) can be made throughout the term of the agreement. Under this type of agreement, the supplier is obliged to provide when requested, but the Requestor is not obliged to request.

Goods/Service Contract: Legally binding document for the procurement of goods or services, generally taking the form of a Purchase Order or Framework Agreement.

Implementing Partnership Management Service (IPMS): Organizational unit within UNHCR responsible for the coordination of policies and procedures, oversight and support related to implementing partnerships. The Service can be contacted through email: epartner@unhcr.org.

Incoterms: International Commercial Terms – standard trade terms defined by the International Chamber of Commerce, used internationally to specify the obligations for delivering goods in international contracts. The official publication, as periodically updated, may be consulted for the full meaning of each term.

EXW	Ex Works (named place of delivery)
FCA	Free Carrier (named place of delivery)
CPT	Carriage Paid To (named place of destination)
CIP	Carriage and Insurance Paid To (named place of destination)
DAT	Delivered at Terminal (named terminal at port or place of destination)
DAP	Delivered at Place (named place of destination)
DDP	Delivered Duty Paid (named place of destination)
FAS	Free Alongside Ship (named port of shipment)
FOB	Free On Board (named port of shipment)
CFR	Cost and Freight (named port of destination)
CIF	Cost, Insurance and Freight (named port of destination)

International procurement: Procurement of goods or services from outside of the country of operation where the supply requirement is located.

Invitation to Bid (ITB): Solicitation document for procurement of goods or services with standard and firm specifications, in which the requirements for formal competitive bidding are specified.

Local procurement: Procurement of goods or services from within the country of operation where the supply requirement is located.

Partner: Entity to which UNHCR has entrusted the implementation of protection and assistance specified in a signed document, along with the assumption of full responsibility and accountability for the effective use of resources and the delivery of outputs as set forth in such document. The entity could be a governmental, intergovernmental or non-governmental body, United Nations organization; or another non-profit organization.

Partner Committee on Contracts: Organizational body within the Partner organization for the approval of contracts for goods and services, above a prescribed threshold value. The Committee ensures that the acquisition process followed by the Requestor and the Partner Procurement Unit has been in compliance with policy and procedures.

Partner Finance Unit: Organizational unit (or perhaps one individual for a small organization) within the Partner organization designated with delegated responsibility for financial management.

Partner Procurement Unit: Organizational unit (or perhaps one individual for a small organization) within the Partner organization designated with delegated responsibility for procurement.

Pre-Qualification for Procurement (PQP): Status assessed by UNHCR to determine that a Partner's procurement policies and procedures are compliant with those of UNHCR.

Procurement File: A typical "stand-alone" file which contains all relevant documents for each procurement.

Procurement Management and Contracting Service (PMCS): Organizational unit within UNHCR responsible for procurement and supply of goods and services and for granting Pre-qualification for Procurement status.

Procurement process: Process which includes specification of requirements, sourcing, evaluation of offers/proposals, contract award, inspection, delivery, installation and commissioning resulting with the provision of goods and/or services.

Project Partnership Agreement (PPA): Signed document of a mutual agreement between UNHCR and a Partner, whereby UNHCR entrusts resources to the Partner for the implementation of programmes and projects. The Partner assumes the full responsibility and accountability for the effective use of the resources and the delivery of outputs (including procurement if applicable) as set forth in such a document.

Purchase Order: Legally binding document which serves as an agreement for the procurement of goods or services.

Request for Proposal (RFP): Solicitation document designed to obtain proposals for goods and services to satisfy a requirement that cannot be described in a quantitative or qualitative manner. An RFP leads to the selection of the proposal that offers the best value in accordance with the pre-defined evaluation criteria. Where appropriate, the RFP will indicate that negotiation may be undertaken in respect of the preferred proposal.

Request for Quotation (RFQ): Solicitation document designed to obtain proposals for goods and services that describes the requirements both quantitatively and qualitatively. An RFQ requests prices and commercial terms from vendors, for goods and/or services that meet neutral specifications and are usually readily available on the market.

Requestor: Person or unit within a Partner organization with authority over a budget, submitting a request for the procurement of goods or services.

Requisition: Standardized form containing detailed specifications, which is completed by the Requestor and duly authorized, in order to initiate the procurement process by the Partner Procurement Unit.

Vendor (or supplier): Provider of goods or services.

ANNEX – Partner Procurement Self-Assessment Checklist

a) Partner Self-Assessment

GENERAL INFORMATION		
1	Organization (name and type):	
2	Contact name:	
3	Function:	
4	Contact e-mail:	
5	Telephone (including country and area code):	
6	City:	
7	Country:	
8	Budget of organization (in million USD):	
9	Number of Staff of organization:	
10	Value of last 5 years procurement (goods and services) (in million USD):	
11	Number of qualified procurement staff:	
12	Affiliate organization/subsidiary/branches included in this submission:	
13	Do you have a procurement policy? if yes, please list the subjects it covers	<input type="checkbox"/> YES <input type="checkbox"/> No <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>
14	Do you have standard procurement procedures?	<input type="checkbox"/> Yes <input type="checkbox"/> No
15	Do you have a Partner Committee on Contracts or oversight structure for ensuring the integrity of procurement management?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16	Do you consider that your procurement policy and procedures are compliant and comparable with UNHCR’s Guidance Note on Procurement by Partners with UNHCR Funds?	<input type="checkbox"/> Yes <input type="checkbox"/> Not sure

(Should there be any *contradiction* between your internal guidelines and those of UNHCR, for example permitting alteration of an offer after bid closing date, you *cannot* be “pre-qualified”.)

17	When were your procurement policy and procedures last revised? (dd/mm/yyyy)	<input type="text"/>
18	When were these implemented in your Headquarters/Country office? (dd/mm/yyyy)	<input type="text"/>
19	Are your Headquarters/Country Office procurement policy and procedures implemented in all field projects/offices?	<input type="checkbox"/> Yes <input type="checkbox"/> Not yet
20	Has your organization been pre-qualified or otherwise certified for procurement by other international organizations and/or governments? If yes, please list all.	<input type="text"/>
21	Provide additional comments or clarifications on your answers above (if any):	<input type="text"/> <input type="text"/> <input type="text"/>

PROCUREMENT POLICY		
Do you have a: <input type="text"/>		
<i>(If “Yes”, please indicate the relevant paragraph number in your procurement policy)</i>		
22	Policy statement on competitive bidding	<input type="checkbox"/> Yes <input type="checkbox"/> No
23	Policy on Local versus International procurement	<input type="checkbox"/> Yes <input type="checkbox"/> No
24	Definition of value limits for high value contracts	<input type="checkbox"/> Yes <input type="checkbox"/> No
25	Definition of procurement responsibilities/segregation of duties	<input type="checkbox"/> Yes <input type="checkbox"/> No
26	Procedure for documentation of procurement actions	<input type="checkbox"/> Yes <input type="checkbox"/> No
27	Policy statement on standard of conduct and ethics	<input type="checkbox"/> Yes <input type="checkbox"/> No

28	Definition of “needs”	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
29	Definition of “emergency”	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
30	Systematic control procedures (Check & Balance controls)	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
31	Policy statement on contract award	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
32	Method to establish a list of bidders to invite	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
33	Policy statement on quality and delivery time	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
34	Policy on business opportunity	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

PROCUREMENT PROCEDURES

Do you have documented procedures for:

Bid solicitation documents

35	Establishing an equipment request (requisition)	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
36	Checking documents for completeness	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
37	Purchase order conditions (included in the RFQ)	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
38	Indemnities (liquidated damages)	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
39	Payment terms included in the RFQ/ITB/RFP	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

Pre-order procedures

40	Bid reception	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
41	Bid evaluation and criteria applied	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
42	Signing authority of contracts	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
43	Transport arrangements	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

44	Order confirmation/acceptance	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
<u>Post-order procedures</u>					
45	Follow-up and expediting	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
46	Order change, cancellation, and termination	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
47	Receiving and inspection reporting	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
48	Initiating claims	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
49	Payment procedures	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
50	Supplier performance evaluations	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
51	General Conditions for Provision of Services	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
52	Comment or clarifications of your answers above (if any):				